

## ABSTRACT

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*Study Program : Accounting*

*Title : The Impact of Profitability on Labor Absorption between Lafino Store Convection Industry and Other Convection Industries.*

*Labor absorption is a supportive factor in productivity and become a significant concern. The subject of this study is Lafino Store, which has encountered issues regarding labor absorption. In this research, labor absorption, as the dependent variable, is assessed to be influenced by profitability as the independent variable. The independent variables in the study are considered to be affected by raw materials, wage costs, overhead expenses, and market competition. Data concerning these factors are collected from Lafino Store and subsequently compared with Store A, Store B, Store C, Store D, Store E, Store F, Store G, Store H, Store I. Data processing involves qualitative descriptive methods, comparing variables across the sampled stores. The results from this research are concluded that profitability influences labor absorption policies within the small to medium-scale convection industry. Nonetheless, the decision to hire additional labor remains subject to the specific policies of each individual convection business.*

**Keywords:** *Labor, Labor Absorption, Market Competition, Overhead Cost, Profitability, Raw Material, Wage Cost.*